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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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August 23, 2006

Ms. Cecilia A. Nadal, President/CEO
Productive Futures
5225 Delmar Blvd.
St. Louis, MO 63108

RE: Fiscal Monitoring Report of Productive Futures.
(#2006-SLATE-10) (Reissued)

Dear Ms. Nadal:

Enclosed is a report of our fiscal monitoring review of Productive Futures (Contracts #113-06 and # 213-06) for the period July 1, 2005 through February 28, 2006. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Productive Futures. Our fieldwork was substantially complete on May 22, 2006.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and an agreement with the St. Louis Agency on Training and Employment to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact Dwayne Crandall at 613-7257.

Sincerely,

Sedrick D. Blake, CPA
Internal Audit Executive

Enclosure

cc: Honorable Darlene Green, Comptroller
Tom Jones, Director, St. Louis Agency on Training and Employment (SLATE)
Lily Qiu, Operations Supervisor



CITY OF ST. LOUIS

ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)

*PRODUCTIVE FUTURES
CONTRACTS #113-06 AND #213-06*

FISCAL MONITORING REVIEW

JULY 1, 2005 THROUGH FEBRUARY 28, 2006

PROJECT #2006-SLATE10

DATE ISSUED: AUGUST 23, 2006

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

CITY OF ST. LOUIS
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT
PRODUCTIVE FUTURES
CONTRACTS #113-06 AND #213-06
FISCAL MONITORING REVIEW
JULY 1, 2005 THROUGH FEBRUARY 28, 2006

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**CITY OF ST. LOUIS
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT
PRODUCTIVE FUTURES
CONTRACTS #113-06 AND #213-06
FISCAL MONITORING REVIEW
JULY 1, 2005 THROUGH FEBRUARY 28, 2006**

INTRODUCTION

Background

Contract Name: Productive Futures

Contract Numbers: 113-06 and 213-06

Contract Periods: July 1, 2005 through June 30, 2006

Contract Amounts: \$308, 261.48 and \$282, 098.00

These contracts provide Workforce Investment Act funds through the St. Louis Agency on Training and Employment (SLATE) to Productive Futures for its Workforce Investment Act Adult and Youth programs. Productive Futures provides services to one hundred sixty five (165) adults in job seeking skills, job development/placement services, and follow-up. Clients are placed into employment. Jobs are regular, full time employment. Follow-up services shall be provided at 30 days, 90 days, 6 months and 12 months.

The youth program provided services to sixty-five (65) out-of-school youths. The services assist youths in achieving basic skills, work readiness or occupational skills. The services for youths assist them in accomplishing unsubsidized employment.

Purpose

The purpose of our review was to determine Productive Futures' compliance with federal, state and local SLATE requirements for the period July 1, 2005 through February 28, 2006, and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding Productive Futures' internal controls relating to the grant administered by St. Louis Agency on Training and Employment (SLATE), tested evidence supporting the reports the agency submitted to SLATE and performed other procedures considered necessary. Our fieldwork was substantially complete on May 22, 2006.

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CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

Productive Futures did not fully comply with federal, state and local SLATE requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report dated January 5, 2005 identified no observations.

A-133 Status

We noted Productive Futures, Inc. is an "S" Corporation and, as such, would not be subject to OMB Circular A-133. Although Productive Futures was not subject to OMB Circular A-133, it did have an A-133 Audit. The Agency's A-133 audit report for the year ended December 31, 2004 dated February 11, 2005 did not disclose any findings required to be reported in accordance with OMB Circular A-133. The A-133 Audit had no reportable conditions or instances of noncompliance for the year ended December 31, 2004.

Summary of Current Observation

We made a recommendation for the following observation, which if implemented, could assist Productive Futures in fully complying with federal, state, and local SLATE requirements.

- Bidding Process not Included in Procurement Policy

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CONCLUSION AND SUMMARY OF OBSERVATIONS

Bidding Process not Included in Procurement Policy

In accordance with contract #213-06, page 2, paragraph 9, which states that any work or service subcontracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this agreement. Section (b) states, "justification for non-competitive procurement of contract services and reasons for the election of other than the lowest bidder in competitive procurement."

We reviewed the Agency's Procurement Policies and Procedures and found no written procedures for competitive bidding for services to ensure awarding to the lowest bidder in competitive procurements. Therefore, the agency may not meet the requirement of the contract which is to ensure the lowest bidder is retained for services and other procurement costs.

The Agency provided written procedures to show competitive bidding is utilized on purchases over \$100. However, these procedures were not provided during our initial review or in prior reviews performed at the agency.

Recommendation

The Agency should include justification in its bidding process in the Procurement Policies and Procedures when awards are not made to the lowest bidder. The Agency should ensure that employees are aware of this procedure and are following this process when securing contractual agreements for services.

Management's Response

We agree with the audit and have written procurement guidelines.

Auditor's Comments

The agency provided updated internal control procedures on August 15, 2006 which included procurement bidding procedures. No further action is required.